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FARM BUSINESS FACTS

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DEPARTMENT OF AGRICULTURE

Broadcast by Frank George, Bureau of Agricultural Economics, and Wallace L. Kadderly, Radio Service USDA, Friday, July 5, 1940, in the Department of Agriculture portion, National Farm and Home Hour, over the Blue network of the National Broadcasting Company.

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KADDERLY:

And in Washington we shall consider for a few moments some of the highlights in the present and prospective agricultural situation.

The information comes from the Bureau of Agricultural Economics of the Department of Agriculture. And our reporter is Frank George, a representative of that Bureau.

Frank, a month ago when you gave this audience a round-up of the agricultural situation you had a good deal to say about the adverse effect of the European War on agriculture in the United States. Since that time our national defense program has shifted into high gear. What are the economists saying now as to the farm outlook?

GEORGE:

Briefly, Wallace, they are saying that the outlook as to the domestic demand for farm products is good, but that the outlook for foreign demand is bad. The big thing in our own country is that industrial production is increasing - not in anything like boom proportions, of course - but increasing - and to this now is added the Nation's determined and united efforts to speed up our national defense, as you mentioned a minute ago.

The picture as to exports is bad because many of our foreign markets have been practically shut off by the War, and there seems little likelihood of a change in the near future.

KADDERLY:

Of course, Frank, in our own country, as industrial payrolls increase, people will buy more farm products - especially products such as meats, milk, butter, eggs, fruits, and vegetables. . .

GEORGE:

That's right . . . And another big fact is that there are good supplies of all of these foods. In addition we shall have approximately a billion bushels of wheat this year - counting the new crops and the carry-over - altogether about the same supply of wheat this year as last - and big supplies of the food fats such as butter and lard.

KADDERLY:

What's the cotton situation? As I understand it, the United States supply of cotton may be a little smaller this year.

GEORGE:

That's right, but cotton exports are likely to be smaller, too. The volume of cotton exports has been decreasing in recent months. Our economists find that

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cotton producers will have to rely principally on consumption of cotton in our own country. The cotton mills in this country have been increasing their production in recent weeks and it now looks as though they will use about the same quantity of cotton as they did last year; but a considerable increase in domestic use of cotton will be required to offset the prospective loss of foreign markets. At the moment, the price of cotton is being supported chiefly by the Government loan program.

KADDERLY:

Now consider, Frank ... if you will ...the situation as to the feed grains, and the effect of the feed crop situation on the production of livestock. Last week we reported that the pig crop was smaller this spring than last, and that pig production next fall also would be smaller.

GEORGE:

Yes. And the reason for this smaller pig crop is to be found in the unfavorable relationship of feed prices to hog prices during the past year. The supply of feed grains next fall and winter will probably be somewhat smaller than the supply was last fall and winter . . . nevertheless, it appears there will be plenty of feed for all livestock on farms. . . . plenty, that is, provided the corn crop comes through in good condition this summer.

KADDERLY:

Meanwhile, of course, the slaughter supplies of hogs are larger in volume this summer than last, the marketings of fed cattle are increasing, and the slaughter supplies of sheep and lambs are a little larger this summer than last, but as you've said, it looks as if consumers will want more meat, and this improved demand for meats should offset at least in part the increased supplies.

Well, now, Frank, dairy products - milk, butter, and cheese. They're in good supply too this summer, are they not?

GEORGE:

Yes, milk has been flowing in unusually heavy volume this summer. The pastures are in good condition, and there's been considerable supplemental feeding of cows on account of the higher prices for milk and butterfat. Consumption of butter.....not including the quantities distributed to persons on relief.... is slightly higher than a year ago, and the demand for evaporated milk has increased.

KADDERLY:

Going on to another staple food..... the production of eggs has declined...

GEORGE:

Well, egg production always declines rapidly at this time of year.

KADDERLY:

True. . .the usual seasonal decline in production. And egg prices...I understand. . .are about the same this summer as they were a year ago at this time..Now, Frank, anything on fruits and vegetables?

GEORGE:

It looks now as though the total supply of fruits will be smaller this year, and still there'll be enough of fruits for domestic needs. The reason for this

is the reduction in exports of fruits. As for potatoes, the reports indicate heavy marketings this month and next, and marketings of other truck crops also are increasing seasonally. This is the time of year when a large quantity of locally grown fresh vegetables are added to the supplies from more distant areas.

KADDERLY:

There's one thing more, Frank... and a rather important one, I believe.... This country imports considerable quantities of seeds of various kinds. Now that the War has practically cut off the European sources of seed supply, our farmers will be dependent largely upon home-grown seeds.

GEORGE:

The situation as to that, Wallace, is that a larger domestic production of many seeds probably will be necessary during the coming year. The seeds chiefly affected are those of such soil-conserving crops as crimson clover, white clover, ryegrass, orchard grass, and hairy vetch; and of such vegetables as spinach, cauliflower, cabbage, radishes, and carrots. In order to help meet this situation, R. M. Evans, Triple "A" administrator, has said that farmers participating in the 1940 adjustment programs are being encouraged to save part of their soil-conserving crops for seed, and that the program for increased production of hairy vetch seed may be expanded, if necessary. Commercial vegetable seed growers have anticipated the reduced imports, and information that we get is that they plan to expand the acreages of the vegetable-seed crops.

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